



# House of Representatives

General Assembly

**File No. 781**

*January Session, 2007*

Substitute House Bill No. 7338

*House of Representatives, May 7, 2007*

The Committee on Appropriations reported through REP. MERRILL of the 54th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE IMPLEMENTATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP).***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 3-115b of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective July*  
3 *1, 2009*):

4 (a) Effective with the fiscal year commencing July 1, [2007] 2009, the  
5 Comptroller is authorized to implement the use of generally accepted  
6 accounting principles, as prescribed by the [Government Accounting  
7 Standards Board] Comptroller, with respect to the preparation and  
8 maintenance of the annual financial statements of the state, and the  
9 Office of Policy and Management is authorized to implement the use  
10 of generally accepted accounting principles, as prescribed by the  
11 [Government Accounting Standards Board] Comptroller, with respect  
12 to the preparation of the annual budget of the state.

This act shall take effect as follows and shall amend the following sections:
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Section 1	<i>July 1, 2009</i>	3-115b(a)
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**APP**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill requires the State Comptroller to prescribe the use of generally accepted accounting principles (GAAP) that she is authorized to implement and has no immediate fiscal impact. Current law requires the Governmental Accounting Standards Board (GASB) to prescribe the use of GAAP. Any future impact would be dependent on how the State Comptroller varied from the GASB in prescribing the use of GAAP.

**BACKGROUND****State Implementation of GAAP**

The budget, sHB 7077 (Sec. 78) as approved by the Appropriations Committee, specifies that the Comptroller and the Secretary of the Office of Policy and Management are not required to implement the use of GAAP in accordance with the provisions of CGS 3-115b during the fiscal years ending June 30, 2008, and June 30, 2009.

The Office of the State Comptroller currently produces a Comprehensive Annual Financial Report based on GAAP. The preliminary results for FY 2006 have been published and show a GAAP deficit of \$1.058 billion.

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**OFA Bill Analysis****sHB 7338*****AN ACT CONCERNING THE IMPLEMENTATION OF GENERALLY  
ACCEPTED ACCOUNTING PRINCIPLES (GAAP).*****SUMMARY:**

The bill authorizes the State Comptroller to prescribe the use of generally accepted accounting principles (GAAP) that she is authorized to implement. Current law requires the Governmental Accounting Standards Board (GASB) to prescribe the use of generally accepted accounting principles.

EFFECTIVE DATE: July 1, 2009

**BACKGROUND*****Governmental Accounting Standards Board (GASB)***

GASB is an independent, private-sector, not-for-profit organization that establishes standards of financial accounting and reporting for U.S. state and local governments. Governments and the accounting industry recognize the GASB as the official source of GAAP for state and local governments.

**COMMITTEE ACTION**

Appropriations Committee

Joint Favorable Substitute

Yea 47      Nay 4      (04/17/2007)